

emergency by means of assessments levied upon policyholders, but that if a minimum of \$250,000 in paid-in capital is held by an insurance company, it is not necessary to require of policyholders that they be subject to assessment.

Chapter 10 deals with fraternal benefit societies, and Chapter 10 (a) governs firemen's, policemen's, or peace officers' benefit and relief associations. Chapter 11 contains provisions authorizing a change by assessment plan insurers to reserve plan insurers. A minimum paid-in capital of \$200,000 is required.

Chapter 11 (a), which was adopted in 1937, is entitled "Nonprofit Hospital Service Plans." Under this chapter nonprofit corporations may issue policies of insurance whereby policyholders are entitled, in the event of illness or accident, to "hospital services." Hospital services are defined as including any or all of the following services: Maintenance and care in hospital, nursing care, drugs, medicines, physiotherapy, transportation, material appliances and their upkeep. (Insurance Code, Sec. 11493.)

Before a nonprofit corporation may qualify under Chapter 11 (a), it must secure a certificate of approval from the State Department of Public Health and, in addition, must secure a certificate of authority from the Insurance Commissioner. The chapter contains provisions with respect to minimum reserve funds and requires that all hospital service insurance contracts must comply as to form with certain enumerated requirements. One of these is that such contracts for hospital service must contain in black-faced type not less than ten point the following:

"Nothing in this contract contained shall in any way or manner restrict or interfere with the right of the subscriber to select the contracting hospital or to make a free choice of his attending physician, who shall be the holder of a valid and unrevoked physicians and surgeons' certificate and who is a member of, or acceptable to, the attending staff and board of directors of the hospital, in which said hospital services are to be provided and rendered." (Insurance Code, Sec. 11512.)

Chapter 12 governs grants and annuities societies. Chapter 13 relates to voluntary mutualization of incorporated life, and life and disability insurers having a capital stock and issuing non-assessable policies on a reserve basis. In order that an insurance company may take advantage of the provisions of Chapter 13, it must have a minimum paid-in capital of at least \$200,000 for life insurance and \$50,000 for disability insurance. If it intends to issue both life and disability policies (it cannot issue disability policies alone), it must have a minimum paid-in capital of \$250,000.

## SPECIAL ARTICLES

### CONGRESSMAN SCOTT AND THE A. M. A. RESOLUTION\*

The *Bulletin of the San Diego County Medical Society*, in its issue of April 15, 1938, printed the following:

The Washington, D. C., newspaper *Labor*, under date of April 5, 1938, offered "Probe of 'Doctors' Trust' Urged as Health Safeguard" as a special tid-bit to its readers.

The *Bulletin* voices but two remarks: (1) Please note that San Diego is on the map—for better or worse. (2) That California "Demos" Scott and Voorhis led the attack. Here it is verbatim!

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**Congressman Scott Declares "Odious Monopoly" Is Striking at Cooperatives Over Bodies of Suffering Members; Persecution Nation-Wide; Likened to Racketeering.**

Forty workers suffering severe illnesses requiring operations are denied treatment in Washington hospitals because they are members of the Group Health Association, a cooperative organization maintained by government employees.

The hospitals are willing to make facilities available, but are restrained by fear of a boycott by the Washington Medical Society.

These disclosures were made in the House this week by Congressman Byron N. Scott (Democrat, California) in an appeal for adoption of his resolution calling for a congressional investigation of the "Doctors' Trust." Scott's de-

mand was seconded by Congressman Jerry Voorhis (Democrat, California).

Unless Congress exposes and scotches "this odious monopoly," Scott declared, sufferers who can be saved by quick surgical attention may go to their graves, martyrs to "inhuman greed."

The California lawmaker declared that several persons whose lives were hanging by a thread were refused admission to hospitals until the Health Association met the exorbitant demands of physicians who are members of the Medical Society.

Because of its low membership fees the cooperative, its officials declare, cannot meet the physicians' charges without going "broke." That is the object of the campaign against the association, the officials charged.

Scott told Congress that, if an investigation is ordered, witnesses will come from all sections of the country with evidence showing that the tactics being employed in Washington are part of a nation-wide crusade by the "Doctors' Trust" against efforts of workers to help themselves.

"Has it come to this," Scott demanded, "that workers are unable to join together in the employment of a group of doctors without experiencing severe limitations in the use of hospital facilities and without incurring the ruthless opposition of doctors who control the medical society?"

It is "high time," Scott emphasized, that members of Congress air "the high-handed attitude of the combine" and let the people understand that "selfish physicians have taken the position they have a vested interest in the sufferings of the people." He added:

"Is it possible that the public, which supports both doctors and hospitals, have no voice in establishing justice and fair dealing?"

"Are government and other workers to be subjected to autocratic, domineering, inhuman discrimination because they desire to enjoy the benefits of a cooperative association through which they can obtain medical attention?"

"It is an amazing spectacle, in the year 1938, to witness the efforts of a group of physicians here in Washington and in other cities of the United States who are determined to check the course of progress toward a more humane, comprehensive and efficient service in dealing with sickness and the prevention of disease."

What doctors are doing in Washington they have also attempted in scores of other communities, Scott said. He insisted the fight on cooperatives is directed by the American Medical Association, which in turn is dominated by Dr. Morris Fishbein, a bitter foe of every movement to secure medical service for that half of the population which is now going without attention because it is unable to pay doctors' bills.

These specific instances of intimidation and coercion were cited by the California Congressman:

In St. Louis a group of doctors who have been giving fine service to the Wage Earners' Health Association have been notified they will be ousted from the medical society. Here the fight has gone so far that the staff of the Missouri Pacific Railroad Hospital is under attack.

In Milwaukee, outstanding physicians serving a cooperative have been blacklisted by the hospitals after being ousted from the medical society.

Plans of union labor at Akron, Ohio, to form a large health cooperative are being held up by threats of boycotting.

In San Diego, California, doctors who have served a cooperative for five years were suddenly confronted with charges of "unprofessional conduct" and threatened with ouster from the health society.

The Voluntary Health Association of San Francisco, which by city charter provides medical and hospital service for nine thousand municipal workers and their dependents, finds it impossible to get into operation because the medical society has notified the organization committee it would oust any doctor it might employ.

Physicians at Little Rock, Arkansas, who have been engaged in group health work, have resigned from the medical society rather than be kicked out.

Scott recalled that several Washington physicians were subjected to "such bitter abuse and persecution" that they resigned from the cooperative. Doctors who decided to stand by the cooperative have been ousted from the medical society, denied admission to hospitals and are being badgered in other ways.

The situation is not only a national scandal, but it is fraught with the gravest danger to the health and lives of millions of people, Scott contended. A full disclosure, he predicted, would show that many physicians have turned their noble profession into a form of "racketeering."

\* See also editorial comment in this issue, on page 306.